

PUBLIC DISCLOSURE

December 21, 2009

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

CHICOPEE SAVINGS BANK

90170

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**Federal Deposit Insurance Corporation
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NOTE:	This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks or the Federal Deposit Insurance Corporation concerning the safety and soundness of this financial institution.
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GENERAL INFORMATION

The Community Reinvestment Act ("CRA") requires the Massachusetts Division of Banks ("Division") and the Federal Deposit Insurance Corporation ("FDIC") to use their authority when examining financial institutions subject to their supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agencies must prepare a written evaluation of the institution's record of meeting the credit needs of its assessment area.

This document is an evaluation of the CRA performance of **Chicopee Savings Bank (or the "Bank")**, prepared by the Division and the FDIC, the institution's supervisory agencies as of December 21, 2009. The agencies evaluate performance in the assessment area(s), as they are defined by the institution, rather than individual branches. This assessment area evaluation may include visits to some, but not necessarily all of the institution's branches. The Division evaluates the CRA performance of an institution consistent with the provisions set forth in Massachusetts Regulation 209 CMR 46.00. The FDIC evaluates the CRA performance institution consistent with the provisions set forth in Appendix A to 12 CFR Part 345 of the FDIC's Rules and Regulations.

INSTITUTION'S CRA RATING: This institution is rated "Outstanding."

An institution in this group has an excellent record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

Intermediate Small Bank CRA procedures were utilized for the evaluation. "Intermediate Small Bank" or "Intermediate Small Savings Association" means a small institution with assets of at least \$274 million as of December 31 of the prior two calendar years, and less than \$1.098 billion as of December 31 of either of the prior two calendar years. The assigned rating is based on the results of two performance tests: the Lending Test and the Community Development Test. The Bank's performance under each of these two tests is summarized below:

***Lending Test:* The Lending Test is rated "Satisfactory."**

The Bank's average Loan-to-Deposit (LTD) ratio of 111.5 percent is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs. A substantial majority of the Bank's loans and other lending-related activities are in the Bank's assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area. The distribution of borrowers reflects, given the demographics of the assessment area, reasonable penetration among retail customers of different income levels and businesses of different sizes.

***Community Development Test:* The Community Development Test is rated "Outstanding."**

The Bank's community development performance demonstrates excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services, as appropriate, considering the institution's capacity and need and availability of such opportunities for community development in the institution's assessment area.

SCOPE OF THE EXAMINATION

This evaluation was conducted jointly between the Division and FDIC. Intermediate Small Bank CRA evaluation procedures were used to assess the Bank's CRA performance. These procedures utilize two performance tests: the Lending Test and the Community Development Test. This evaluation considered the Bank's lending and community development activities for the period of October 4, 2006, through December 21, 2009. The data and applicable timeframes for the Lending Test and the Community Development Test are discussed below.

Lending Test

The Bank maintains a relatively balanced loan portfolio. One-to-four family and multifamily loans comprised 46.7 percent of the Bank's portfolio at September 30, 2009. Commercial lending is also a key component of the Bank's lending strategy, with commercial and industrial loans and loans secured by commercial real estate comprising 42.4 percent of the Bank's portfolio. As a result, this evaluation focused on the Bank's residential and commercial lending activities from January 1, 2007 to December 21, 2009. Non-residential consumer loans represent less than 2.0 percent of the Bank's portfolio, and the Bank originated no small farm loans during the evaluation period. Consequently, these loan types were not considered in this evaluation.

Residential lending data was derived from the Loan Application Registers ("LAR") maintained by the Bank pursuant to the Home Mortgage Disclosure Act ("HMDA"). The LARs contain data about home purchase and home improvement loans, including refinancings, on one- to four-family and multifamily (five or more units) properties. While the Bank's residential lending data from 2007, 2008, and 2009 was analyzed, the HMDA data presented in this evaluation is primarily 2008 data, as this was the most recent year for which peer HMDA performance was available. The Bank's performance in other years is referenced in this evaluation when the performance differs measurably from the Bank's 2008 performance. Similarly, this evaluation does not detail the Bank's performance regarding specific loan purposes (i.e., home purchase, refinance, home improvement), unless the Bank's performance in a particular category substantially differs from the Bank's overall residential lending performance.

The Bank originated approximately 701 small business loans for \$106.3 million between January 1, 2007, and September 30, 2009. The Bank was not required to report small business lending for these years. Information regarding the number and dollar amount of small business loans originated within the assessment area was derived from small business loan application registers maintained by the Bank. To determine the Bank's overall CRA small business lending performance, examiners reviewed a random sample of 37 small business loans totaling \$6.2 million from the Bank's 176 commercial loans (totaling \$29.1 million) originated in 2008. Since the Bank is not required to report small business data, peer data is not presented for comparison.

Unless otherwise noted, this evaluation references the number, rather than the total dollar amount, of loans, as one or two large-dollar loans may minimize the accuracy of dollar volume as a performance indicator.

Community Development Test

The Community Development Test included community development loans, investments, and services for the period of October 4, 2006, through December 21, 2009. Community development grants and donations for the same time period were also included. Qualified equity investments currently held by the Bank were also included regardless of investment date. The investments were valued at the September 30, 2009 book value.

Demographic information is from the 2000 U.S. Census unless otherwise noted. Financial data was derived from the September 30, 2009 Report of Condition and Income (Call Reports).

PERFORMANCE CONTEXT

Description of Institution

Chicopee Savings Bank is a state-chartered bank established in 1854 and headquartered in Chicopee, Massachusetts. Chicopee Savings Bank is a wholly-owned subsidiary of Chicopee Bancorp, Inc. Chicopee Bancorp, Inc., also headquartered in Chicopee, is a publicly traded holding company established in January 2006. The Bank's main office is located at 70 Center Street in Chicopee, Massachusetts. The Bank's Lending and Operations Center is located at 229 Exchange Street in Chicopee. The Bank also operates three additional branch offices in Chicopee and branch offices in Ludlow, South Hadley, Ware, and West Springfield, Massachusetts. The South Hadley and Ware offices, both located within middle-income census tracts, were opened during the current evaluation period. The Bank's offices are all located within the Springfield, Massachusetts Metropolitan Statistical Area (MSA).

As of September 30, 2009, the Bank reported total assets of \$546.8 million. Assets increased 1.5 percent since September 30, 2008. The Bank's loan portfolio, which represents 76.0 percent of total assets, increased 1.4 percent during this time. Table 1 below details the distribution of the Bank's loan volume at September 30, 2009.

Table 1		
Loan Portfolio at September 30, 2009¹		
Loan Type	Dollar Amount (000's)	Percent of Total Loans
Construction and Land Development	40,986	9.8
1-4 Family Residential	185,189	44.1
Multifamily (5 or more) Residential	10,689	2.6
Commercial Real Estate	118,456	28.2
Total Real Estate Loans	355,320	84.7
Commercial and Industrial	59,747	14.2
Consumer	4,415	1.1
Other	0	0.0
Total Loans	419,482	100.0

As reflected in the table and as noted above, the Bank maintains a relatively balanced portfolio, with one-to-four family and multifamily residential loans comprising 46.7 percent of the Bank's portfolio at September 30, 2009, followed by commercial and industrial loans and loans secured by commercial real estate, constituting 42.4 percent of the Bank's portfolio.

The Division and FDIC last evaluated the Bank's CRA performance on October 3, 2006, and assigned an overall rating of "Outstanding." There are no apparent financial or legal impediments that would limit the Bank's ability to help meet the credit needs of its assessment area. Based upon the Bank's asset size, product offerings, and branch network, its ability to meet the community's credit needs remains strong.

Description of Assessment Area

CRA requires a financial institution to identify one or more assessment areas in which it intends to concentrate its lending efforts. Chicopee Savings Bank's assessment area as currently defined meets the technical requirements of the CRA regulation since it: (1) consists of one or more political subdivisions; (2) includes the geographies where the Bank has its main office, branches, and deposit-taking ATMs, as well as the surrounding geographies in which the institution originated a substantial portion of its loans; (3) consists of whole census tracts; (4) does not extend substantially beyond state boundaries; (5) does not reflect illegal discrimination; and (6) does not arbitrarily exclude low- and moderate-income areas.

¹ Source: Report of Condition and Income (Call Report).

2007-2008

In 2007 and 2008, the Bank's assessment area consisted of the Hampden County municipalities of Agawam, Chicopee, East Longmeadow, Hampden, Holyoke, Longmeadow, Ludlow, Southwick, Springfield, West Springfield, Westfield, and Wilbraham; and the Hampshire County municipalities of Belchertown, Granby, and South Hadley. Each of these cities and towns is located within the Springfield, MA MSA. Refer to table 2 below for specific data related to the Bank's 2007-2008 assessment area.

Table 2 Demographic Information for Combined Assessment Area (2008)²						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	93	18.3	19.3	39.8	22.6	0.0
Population by Geography	457,405	12.5	20.9	41.9	24.7	0.0
Owner-Occupied Housing by Geography	108,794	3.5	14.3	50.5	31.7	0.0
Business by Geography	28,836	18.2	20.8	36.4	24.6	0.0
Family Distribution by Income Level	116,452	23.7	17.4	21.2	37.7	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	47,845	20.7	27.5	38.8	13.0	0.0
HUD Adjusted Median Family Income for 2009 Families Below Poverty Level		\$67,200 11.4%	Median Housing Value Unemployment Rate (2000 Census)			\$111,096 2.76%

As reflected in the table, the Bank's 2007-2008 assessment area consisted of 93 census tracts. Of these, 17 (18.3 percent) were considered low-income, 18 (19.3 percent) were moderate-income, 37 (39.8 percent) were middle-income, and 21 (22.6 percent) were upper-income.

2009

In January 2009, the Bank added the following municipalities to the above assessment area, in conjunction with the opening of its Ware, Massachusetts office:

- The Hampden County town of Palmer (Springfield, MA MSA)
- The Franklin County towns of Leverett, New Salem, and Shutesbury (Springfield, MA MSA)
- The Worcester County municipalities of Hardwick, New Braintree, Petersham, Phillipston, Warren, and West Brookfield (all located within the Worcester, MA MSA).

While the Bank's assessment area includes limited communities within the Worcester, MA MSA, these communities represent a relatively small portion of the Bank's assessment area in terms of the number of census tracts and area population, and they do not extend significantly beyond the boundaries of the Springfield, MA MSA. Further, the Bank does not operate any offices within the Worcester, MA MSA. As a result, demographic and performance data for the Springfield, MA MSA and Worcester, MA MSA will be combined in this evaluation.

The Bank's 2009 assessment area consists of 103 census tracts. Of these, 17 (16.5 percent) are considered low-income, 20 (19.4 percent) are moderate-income, 44 (42.7 percent) are middle-income, and 22 (21.4 percent) are upper-income. Table 3 lists the pertinent demographic information for the Bank's 2009 assessment area.

² Source: 2000 U.S. Census data and 2008 HUD updated MFI data.

Table 3 Demographic Information for Combined Assessment Area (2009)³						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	N/A % of #
Geographies (Census Tracts)	103	16.5	19.4	42.7	21.4	0.0
Population by Geography	498,941	11.5	20.8	44.2	23.5	0.0
Owner-Occupied Housing by Geography	120,329	3.1	14.6	52.4	29.9	0.0
Business by Geography	33,718	16.3	19.9	39.7	24.1	0.0
Family Distribution by Income Level	127,635	23.3	17.7	21.6	37.4	0.0
Distribution of Low and Moderate Income Families throughout AA Geographies	52,383	18.9	27.7	41.0	12.4	0.0
HUD Adjusted Median Family Income for 2009 Families Below Poverty Level		\$67,734 10.9%	Median Housing Value Unemployment Rate (2000 Census)			\$112,188 2.70%

Of the 202,595 housing units in the assessment area in the 2000 Census, 59.4 percent were owner-occupied and 35.3 percent were rental units.

Regardless of the Census tract category in which they are located, low- and moderate-income families represent approximately 23.3 percent and 17.7 percent, respectively, of all families within the Bank's assessment area. A closer look at the households in the assessment area reveals that 10.9 percent of families have income levels below the poverty level, and 5.2 percent of area households receive some form of public assistance. This may indicate an individual's reduced ability to secure a mortgage loan, thereby reducing a financial institution's ability to penetrate these populations.

Lending within the assessment area is highly competitive. Over 265 lenders originated residential mortgage loans within the assessment area in 2008. Competition comes from large national banks and mortgage companies including Bank of America, NA and Countrywide Bank, FSB, as well as from locally-based financial institutions.

Approximately 73.7 percent of businesses within the assessment area are considered small businesses, with gross annual revenues of \$1.0 million or less. Of the total businesses within the Combined Assessment Area, approximately 16.3 percent are located within low-income tracts, 19.9 within moderate-income tracts, 39.7 percent within middle-income tracts, and 24.1 percent within upper-income tracts, according to Dun and Bradstreet data.

According to Moody's Economy.com, unemployment rates, while high, have held steady for several months in the Springfield area, but economic recovery is expected to be slow, given the lack of "dynamic growth industries." Moody's indicates that the decline in residential construction has slowed, but may "continue to slip in the near term" until the decline in existing home prices abates.

Community Contact

A community contact was conducted with an organization that provides economic development to the City of Chicopee. The contact specifically mentioned that a majority of local financial institutions contribute to the organization's efforts by making financing available. The contact stated that additional reinvestments need to be made in downtown areas to ensure economic growth. Overall, the contact was pleased with the responsiveness of the local community banks to the area's credit needs.

³ Source: 2000 U.S. Census data and 2009 HUD updated MFI data.

PERFORMANCE CRITERIA

LENDING TEST

LOAN-TO-DEPOSIT ANALYSIS

This performance criterion determines what percentage of the Bank's deposit base is reinvested in the form of loans and evaluates its appropriateness. The Bank's average Loan-to-Deposit (LTD) ratio of 111.5 percent is more than reasonable (considering seasonal variations and taking into account lending-related activities) given the institution's size, financial condition, and assessment area credit needs.

The Bank's current LTD ratio is 106.6 percent at September 30, 2009. During the evaluation period, this ratio ranged from a high of 122.0 percent at June 30, 2008 to a low of 103.0 percent at March 31, 2007. The average LTD ratio was calculated by averaging the Bank's 12 quarterly LTD ratios for the period of December 31, 2006, through September 30, 2009. The resulting average LTD ratio was compared against the average LTD ratios of three other western Massachusetts banks similar to Chicopee Savings Bank in location, size, and composition. Chicopee Savings Bank's average LTD ratio is higher than all three similarly situated banks, as reflected in Table 4 below.

Table 4		
Net Loan-to-Deposit Ratio Comparison⁴		
Institution	Avg. Net LTD Ratio	Asset Size \$(000's)
<i>Chicopee Savings Bank</i>	<i>111.5%</i>	<i>542,743</i>
Hampden Bank	103.1%	556,566
Greenfield Savings Bank	95.9%	616,228
Hoosac Bank	76.5%	364,271

Additional consideration is given to the fact that the Bank originates home loans on behalf of investors and offers a variety of conventional home loan products through secondary market lending programs. Through these programs, the Bank originated two loans totaling \$243,300 in 2007; 14 loans totaling \$2.2 million in 2008; and 220 loans totaling \$37.0 million in 2009. While these loans are not reflected in the Bank's LTD ratio, they further demonstrate the Bank's willingness to reinvest in the community through its lending services.

COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)

This performance criterion determines what percentage of the Bank's lending occurs within the assessment area and evaluates its appropriateness. A substantial majority of the Bank's loans and other lending-related activities are in its assessment area. Refer to Table 5 below for specific information concerning the distribution of loans inside and outside the assessment area.

⁴ Source: Call Report Data.

Table 5 Distribution of Loans Inside and Outside of the Assessment Area⁵										
Loan Category or Type	Number of Loans					Dollars in Loans (\$000s)				
	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%		\$	%	\$	%	
2007 HMDA										
Home Purchase	83	81.4	19	18.6	102	15,553	73.6	5,587	26.4	21,140
Refinance	77	88.5	10	11.5	87	7,694	72.1	2,979	27.9	10,673
Home Improvement	100	91.7	9	8.3	109	5,028	82.3	1,085	17.7	6,113
<i>Multifamily (included in above figures)</i>	2	100.0	0	0.0	2	481	100.0	0	0.0	481
Total	260	87.3	38	12.7	298	28,275	74.6	9,651	25.4	37,926
2008 HMDA										
Home Purchase	106	88.3	14	11.7	120	17,407	81.9	3,851	18.1	21,258
Refinance	105	88.2	14	11.8	119	13,781	88.3	1,825	11.7	15,606
Home Improvement	97	93.3	7	6.7	104	4,798	95.7	214	4.3	5,012
<i>Multifamily (included in above figures)</i>	7	100.0	0	0.0	7	1,380	100.0	0	0.0	1,380
Total	308	89.8	35	10.2	343	35,986	86.0	5,890	14.0	41,876
2009 YTD HMDA										
Home Purchase	70	93.3	5	6.7	75	8,805	87.4	1,274	12.6	10,079
Refinance	190	88.4	25	11.6	215	28,717	84.4	5,312	15.6	34,029
Home Improvement	49	92.5	4	7.5	53	3,254	98.0	68	2.0	3,322
<i>Multifamily (included in above figures)</i>	3	100.0	0	0.0	3	496	100.0	0	0.0	496
Total	309	90.1	34	9.9	343	40,776	86.0	6,654	14.0	47,430
Small Business										
Total Small Business (from sampling)	35	94.6	2	5.4	37	5,409	94.4	320	5.6	5,729
Total	35	94.6	2	5.4	37	5,409	94.4	320	5.6	5,729
Grand Total	912	89.3	109	10.7	1,021	110,446	83.1	22,515	16.9	132,961

As reflected in the table, 89.3 percent in number of the Bank's total residential loans and sampled small business loans were originated within the assessment area. While multifamily loans represent a relatively small portion of the Bank's lending, it is worth noting that 100.0 percent of the Bank's multifamily loans were originated within the assessment area during the evaluation period. Also of note is that 94.6 percent of sampled small business loans were also originated within the assessment area.

The Bank's overall performance within the area represents an increase from the prior examination period, when the Bank originated 86.4 percent of its total loans within the assessment area. This increase is due, in part, to the expansion of the Bank's assessment area as noted above.

GEOGRAPHIC DISTRIBUTION OF LOANS

This criterion assesses how well the Bank is addressing the credit needs throughout the combined assessment area and in each separate assessment area. The geographic distribution of loans reflects reasonable dispersion throughout the assessment area.

⁵ Source: 2007, 2008, and year-to-date 2009 HMDA data and small business sampling data.

Home Mortgage Analysis

Refer to Table 6 below for detailed data on the geographic distribution of residential loans within the combined assessment area and the individual assessment areas. The geographic distribution of HMDA loans reflects reasonable dispersion throughout the combined assessment area.

The table includes high-cost loans originated by peer institutions within the Bank's assessment area. High-cost loans are defined as loans that have a rate spread between the annual percentage rate (APR) and the applicable Treasury yield that is equal to or greater than 3.0 percentage points for first-lien mortgages or 5.0 percentage points for subordinate-lien mortgages, or which exceed the Home Owner Equity Protection Act triggers (APR or points and fees that exceeds the yield on a comparable Treasury security by 8 points on a first-lien or APR that exceeds the yield on a comparable Treasury security by 10 points or points and fees that exceed the greater of 8.0 percent of the loans amount or \$561 in 2008).

Chicopee Savings Bank did not originate any high-cost loans during the evaluation period. Therefore, while this evaluation considered the Bank's performance against total aggregate lending, the evaluation also considered the Bank's performance against the aggregate with these high-cost loans excluded from aggregate totals. In the following summary, if the Bank's performance against the aggregate was significantly affected by the presence of aggregate high-cost lending, it will be discussed in the narrative. Any discussion of HMDA market shares and rankings excludes high-cost loans.

Table 6							
2008 Geographic Distribution of Residential Loans by Income Category of Census Tract⁶							
Tract Income Level	% Owner- Occupied Units	# of Loans	%	Agg.	Dollar Amt. \$(000's)	%	Agg.
Low	3.5	7	2.3	3.9	790	2.2	2.7
Moderate	14.3	47	15.2	15.3	4,752	13.2	12.8
Middle	50.5	174	56.5	51.0	17,379	48.3	46.5
Upper	31.7	80	26.0	29.8	13,065	36.3	38.0
Totals	100.0	308	100.0	100.0	35,986	100.0	100.0

As the table reflects, the Bank originated 2.3 percent of its HMDA-reportable loans within low-income census tracts in 2008. This represents an increase from the prior evaluation, when the Bank originated 1.0 percent of its loans within these tracts in 2005. The Bank's current performance is below demographic indicators, as 3.5 percent of owner-occupied housing units are located within these low-income tracts. The Bank's performance in low-income tracts is also below the performance of the aggregate, as peer lenders originated 3.9 percent of total loans (3.2 percent when excluding high cost loans) within these tracts in 2008. The Bank faces significant competition from large national banks and mortgage companies (Bank of America led all lenders with a market share of 16.6 percent) and locally headquartered banks and credit unions. Chicopee Savings Bank ranked seventh among all lenders and third among local institutions in lending within low-income tracts, with seven loans and a market share of 2.5 percent when excluding high-cost loans made by peer institutions.

The Bank originated 15.2 percent of its HMDA loans within moderate-income tracts in 2008. This performance was consistent with the performance of peer institutions (15.3 percent), and slightly exceeded demographic indicators (14.3 percent). When excluding high-cost loans, the Bank ranked third overall and first among local institutions in lending within moderate-income tracts, with 47 loans and a market share of 3.7 percent.

⁶ Source: 2000 Census and 2008 Bank and Aggregate HMDA data.

The Bank's performance within its expanded assessment area in 2009 was consistent with its 2008 performance.

Small Business Analysis

The geographic distribution of small business loans reflects reasonable dispersion throughout the Bank's assessment area.

Refer to Table 7 below for detailed data on the geographic distribution of small business loans within the assessment area. Because the Bank was not required to report its small business data, the Bank's performance is compared against area demographic data but not against aggregate lending performance.

Table 7					
Geographic Distribution of Small Business Loans by Income Category of Census Tract⁷					
Tract Income Level	% of Businesses	# of Loans	%	Dollar Amt. (000's)	%
Low	18.2	3	8.6	166	3.1
Moderate	20.8	8	22.9	834	15.4
Middle	36.4	16	45.7	3,464	64.0
Upper	24.6	8	22.8	945	17.5
Totals	100.0	35	100.0	5,409	100.0

As reflected in the table, the Bank originated 8.6 percent of its sampled small business loans within low-income tracts. This is well below demographic indicators, as 18.2 percent of area businesses are located within these tracts. The Bank's performance matches its performance at the prior evaluation, when it also originated 8.6 percent of its loans in 2005 within low-income tracts.

The Bank originated 22.9 percent of its sampled small business loans within moderate-income tracts. This performance exceeds current demographic indicators (19.9 percent of area businesses are located within these tracts), and represents an increase from the Bank's performance at the prior evaluation (20.4 percent in 2005).

DISTRIBUTION OF CREDIT AMONG BORROWERS OF DIFFERENT INCOME LEVELS

The distribution of loans by borrower income was reviewed to determine the extent to which the Bank is addressing the credit needs of the area's residents, particularly low- and moderate-income residents. The distribution of small business loans by revenue size was also evaluated to determine the extent to which the Bank is meeting the credit needs of area small businesses.

Given the demographics of the assessment area, the distribution of borrowers reflects reasonable penetration among retail customers of different income levels and businesses of different sizes.

Home Mortgage Analysis

The borrower distribution of HMDA loans reflects, given the demographics of the assessment area, reasonable penetration among retail customers of different income levels.

Refer to Table 8 below for specific data on the borrower distribution of residential loans within the assessment area.

⁷ Source: 2008 Bank small business sampling data and 2008 Dun & Bradstreet business demographic data.

Table 8 2008 Distribution of Residential Loans by Borrower Income Level ⁸							
Borrower Income Level	% of Families	# of Loans	%	Agg.	Dollar Amt. (000's)	%	Agg.
Low	23.7	15	5.4	7.5	612	1.9	4.0
Moderate	17.4	48	17.1	25.7	4,351	13.5	20.2
Middle	21.2	100	35.7	31.1	10,279	31.8	30.3
Upper	37.7	117	41.8	35.7	17,077	52.8	45.5
Totals	100.0	280	100.0	100.0	32,319	100.0	100.0

As reflected in the table, the Bank originated 5.4 percent in number of its HMDA-reportable loans to low-income borrowers in 2008. This represents a decline from the prior examination period, as the Bank originated 8.6 percent in number of its loans to low-income borrowers in 2004 and 10.6 percent in 2005.

The Bank's performance was below the performance of the aggregate, as peer lenders originated 7.5 percent of their loans to low-income borrowers in 2008. It should be noted that the table includes high-cost loans originated by peer institutions. Chicopee Savings Bank did not originate any high-cost loans during the evaluation period. The Bank faces significant competition from large national institutions including Bank of America, as well as several locally-headquartered banks and credit unions. When excluding high cost loans, the Bank ranked eleventh among all lenders and fifth among local institutions in lending to low-income borrowers, with 15 loans and a market share of 2.6 percent.

The Bank's level of lending to low-income borrowers is significantly below demographic indicators, as 23.3 percent of assessment area families are considered low-income. However, this is not unreasonable given that 11.4 percent of the assessment area's families fall below the poverty level, and may have a difficult time achieving homeownership. This, in turn, may limit a lender's ability to make loans within this income group.

The Bank originated 17.1 percent of its HMDA loans, by number, to moderate-income borrowers in 2008. This performance is generally consistent with prior exam levels. The Bank's performance is also consistent with the percentage of moderate-income families within the assessment area (17.4 percent). However, the Bank's performance is well below the performance of the aggregate (25.7 percent). The Bank ranks eleventh overall and third among local lenders in lending to moderate-income borrowers, with 48 loans and a market share of 2.3 percent. By comparison, Bank of America is the leading lender in the area, with a market share of 12.4 percent.

The Bank's performance improved slightly in the expanded assessment area in 2009, with loans to low- and moderate-income borrowers representing 6.7 percent and 18.2 percent, respectively, of the Bank's HMDA-reportable lending. Peer lending data for 2009 was not yet available for comparison.

Small Business Analysis – Loan Distribution by Gross Annual Revenue of Business

The borrower distribution of the Bank's small business loans reflects reasonable penetration among businesses of different sizes. Refer to Table 9 below for specific data on the borrower distribution of sampled small business loans within the assessment area. The Bank faces strong competition for commercial loans from large national financial institutions as well as locally-headquartered banks. However, because the Bank was not required to report small business data, the Bank's performance is compared against area demographics but not against aggregate lending performance.

⁸ Source: 2000 Census and 2008 Bank and Aggregate HMDA data. Excludes loans for which borrower income was not reported.

Table 9 – Small Business Loan Distribution by Gross Revenue ⁹					
Gross Revenue	# of Loans	%	Dollar Amt. (000's)	%	% Businesses
<= \$1,000,000	16	51.6	2,699	54.8	62.2
> \$1,000,000	15	48.4	2,224	45.2	37.8
Totals	31	100.0	4,923	100.0	100.0

As reflected in the table, the Bank originated 51.6 percent in number of sampled small business loans to businesses with gross annual revenues at or under \$1.0 million. The Bank's performance is below demographic indicators, as 62.2 percent of area businesses have gross annual revenues of \$1.0 million or less.

The Bank's performance is down slightly from prior exam levels, and continues to reflect a downward trend. During the prior evaluation period, the Bank originated 64.6 percent of its small business loans to businesses with gross annual revenues of \$1.0 million or less in 2004, and 52.2 percent in 2005.

Small Business Analysis – Loan Distribution by Loan Amount

This evaluation also considered loan size as a further indicator of the Bank's commitment to meeting the credit needs of small businesses, as smaller loans more frequently benefit smaller businesses. Table 10 shows the distribution of the Bank's sampled small business loans by loan amount.

Table 10 Distribution of Small Business Loans by Loan Size ¹⁰						
	Loan Size					
	≤ \$100		>\$100 ≤ \$250		>\$250 ≤ \$1,000	
	#	%	#	%	#	%
Totals	24	68.6	3	8.6	8	22.8

As the table shows, 68.6 percent of the Bank's small business loans were for amounts of \$100,000 or less. An additional 8.6 percent of the Bank's loans were for amounts between \$100,000 and \$250,000. When considering loan amount as a surrogate for business size, this data would indicate that the Bank demonstrates a reasonable commitment to lending to small businesses.

The percentage of the Bank's small business loans originated in amounts of \$100,000 or less increased since the prior exam, when 60.8 percent of loans were in these lower dollar amounts.

COMMUNITY DEVELOPMENT TEST

The Bank's community development performance demonstrates an excellent responsiveness to the community development needs of its assessment area through community development loans, qualified investments, and community development services as appropriate, considering the institution's capacity and the need and availability of such opportunities for community development in the institution's assessment area(s).

⁹Source: 2008 small business loan sampling and 2008 Dun & Bradstreet data. Excludes loans for which borrower revenue was not reported.

¹⁰Source: 2008 Bank small business sampling data.

Qualified Community Development Loans

For the purpose of this evaluation, a community development loan is defined as a loan that: (1) has community development as its primary purpose, (2) has not already been reported by the Bank for consideration under small business or home mortgage lending (unless it is a multifamily dwelling loan), and (3) benefits the Bank's assessment area or a broader statewide or regional area that includes the Bank's assessment area.

Chicopee Savings Bank originated an excellent level of community development loans. The Bank originated or renewed 33 community development loans totaling \$8.8 million in its assessment area during this evaluation period. This level of lending represents an increase from the previous CRA evaluation, which noted that the Bank originated 21 community development loans totaling \$7.4 million. The total volume of community development loans shows that the Bank has been very responsive to the opportunities for community development lending. Summarized in Table 11 is the Bank's community development lending activity:

Table 11										
Community Development Loans¹¹										
Community Development Category	4Q2006		2007		2008		YTD 2009		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	2	567,000	2	293,000	4	519,200	4	301,000	12	1,680,200
Community Services	1	230,000	6	2,155,000	7	2,305,000	6	2,255,000	20	6,945,000
Revitalization	0	0	1	200,000	0	0	0	0	1	200,000
Total	3	797,000	9	2,648,000	11	2,824,200	10	2,556,000	33	8,825,200

The following are examples of the community development projects funded by the Bank.

Affordable Housing

Chicopee Savings Bank provided \$1.6 million in community development financing for affordable housing initiatives. The Bank originated five multifamily loans to for-profit real estate developers totaling \$1.3 million. Each of the loans was secured by a property located in a low- or moderate-income census tract and featured rents affordable to low- and moderate-income tenants. In 2007, the Bank renewed a \$25,000 line of credit to a non-profit organization that provides first-time homebuyer counseling and financial assistance to enable eligible households to purchase their first home. In 2008, the Bank originated a \$100,000 line of credit, to a non-profit organization that provides housing for low- and moderate-income individuals. In 2009, the Bank originated a \$25,000 line of credit to finance working capital to a non-profit community development organization whose responsibility is for housing in the Greater Springfield area.

Community Services

The Bank provided \$6.9 million in financing for community services. During the examination period, the Bank renewed a \$600,000 line of credit to a non-profit human service agency that provides employment and training to developmentally disabled individuals and other outreach services within the assessment area. The Bank also renewed a \$500,000 line of credit to a non-profit agency that provides fuel assistance to the elderly and low-income families in Springfield. The line of credit will be used for working capital. In 2008, the Bank originated a

¹¹ Source: Internal Bank Records

\$150,000 loan to a non-profit organization to build a soup kitchen for the homeless in a moderate-income census tract. In 2009, the Bank renewed a \$230,000 line of credit to a non-profit organization that provides home health care services to Chicopee area residents. Under the organization's charity care policy, care is provided at no charge to patients who are not able to pay.

Revitalization

Chicopee Savings Bank provided a \$200,000 commercial mortgage loan in June 2007, to a non-profit social services agency for the construction of a 2,000 square foot addition to a community center located in a low-income census tract. The addition is for two classrooms to be used for childcare: one room for 7 infants and 9 toddlers and the other room will be for 20 preschool children.

Qualified Community Development Investments

A qualified investment for purposes of this CRA evaluation is a lawful investment, deposit, donation, or grant that has community development as its primary purpose.

Based upon the institution's financial ability, its capacity to invest, and the opportunities available within the assessment area, Chicopee Savings Bank has made an excellent level of qualified community investments and donations and exhibited excellent responsiveness to the area's credit and community economic development needs. Qualified investments consist entirely of grants and donations.

The Bank's donations are made through the Bank and the Chicopee Savings Bank Charitable Foundation. In 2007, Chicopee Bancorp, the holding company for the Bank, contributed shares to establish the Chicopee Savings Bank Charitable Foundation. Funding is offered to numerous non-profit and charitable organizations whose mission is to preserve and enhance the quality of life within local neighborhoods and communities.

The total amount of qualified CRA contributions made by the Bank and the Foundation from October 4, 2006 through December 21, 2009 was \$700,463 representing 47.3 percent of the Bank's and the Foundation's total contribution of \$1,482,225.

Individual year totals are as follows: 4Q2006: \$82,701; 2007: \$200,708; 2008: \$203,290; and 2009: \$213,764, representing 18.5 percent, 8.0 percent, 23.4 percent and -11.4 percent of net operating income (NOI), respectively, as noted in the table below.

In 2008, the Bank had an unrealized G/L loss on the Bank's available for sale securities, which explains the difference in percentages in YTD 2006, 2007 and 2008, and also the negative percentage in YTD 2009.

Table 12					
Community Development Grants and Donations - 4Q2006 through YTD2009¹²					
	4Q2006	2007	2008	YTD 2009	Total
Chicopee Savings Bank	82,701	71,705	89,515	62,846	306,767
Chicopee Savings Charitable Foundation	0	129,003	113,775	150,918	393,696
Total Donations	82,701	200,708	203,290	213,764	700,463
Pre-tax Net Operating Income (NOI)	\$447,000	\$2,506,000	\$869,000	(\$1,869,000)	\$3,820,131
Donations/Pre-Tax NOI	18.5%	8.0%	23.4%	-11.4%	18.3%
Number of Organization Benefiting from Donations	39	82	90	88	299

¹² Source: Internal Bank Records

The \$700,463 in qualified donations provided by the Bank and the Foundation represents a significant increase over the prior evaluation period, when the Bank made qualified donations totaling \$407,859. The following table details the Bank's community development donations by category within the assessment area.

Table 13 Community Development Grants and Donations by Category 4Q2006 through YTD2009¹³										
Community Development Category	4Q2006		2007		2008		YTD 2009		Total	
	#	\$	#	\$	#	\$	#	\$	#	\$
Affordable Housing	1	500	2	5,500	5	8,200	4	1,490	12	15,690
Community Svcs	37	81,201	77	188,950	83	190,265	82	207,449	279	667,865
Revitalization	1	1,000	3	6,258	2	4,825	2	4,825	8	16,908
Total	39	82,701	82	200,708	90	203,290	88	213,764	299	700,463

The following are some of the organizations to which the Bank and the Foundation made qualified grants or donations during the examination period:

Chicopee Boys and Girls Club – The mission of the club is to enable all young people to reach their full potential as productive, caring, responsible citizens. Club programs and services promote and enhance the development of boys and girls by instilling a sense of competence, usefulness, belonging and influence. Boys and Girls Club are a safe place to learn and grow. During the examination period the Bank donated \$147,741.

Children's Study Home – Originally founded as temporary housing for homeless women and children, this organization's mission is to improve the lives of at-risk children, youth and families through high quality educational, residential and family services. The Bank made four donations totaling \$3,700.

Lorraine's Kitchen – The mission of Lorraine's Kitchen is to feed and nurture those in need in the Chicopee community. In addition to meal and food pantry services, this organization hosts a Christmas dinner with free gifts for children and provides a free health clinic with visiting nurses once a month as well as providing social services on a regular basis. During the examination period, the Bank made six donations, totaling \$1,640.

Chicopee Neighborhood Development Corporation (CNDC) – Founded in 1987, CNDC's mission is to provide quality housing programs and projects to support Chicopee residents and to promote stable neighborhoods. The Bank made two separate donations totaling \$3,000 to this organization during the examination.

Habitat for Humanity - This organization helps build homes in partnership with low-income families in need of permanent, affordable housing. During the examination period, the Bank made seven donations totaling \$2,690.

Brightside for Families and Children – This non-profit child welfare, mental health and family support center offers services for children, adolescents and their families. The Bank donated \$15,448 to this organization.

Womenshelter/Companeras – Founded in 1980, this organization is dedicated to assisting, supporting and empowering those whose lives are affected by battering and abuse. The Bank contributed \$1,710.

¹³ Source: Internal Bank Records

Gray House – The four primary programs of Gray House are a food pantry, thrift store, adult education and Kid's Club which is an after school and summer camp program. The mission of this organization is to encourage those in transition to achieve a more stable, safe and productive life through education and community service. The Bank donated \$7,150.

David M. Wissel Youth Foundation – The David Wissel Youth Foundation's goal is to help economically disadvantaged youth and assist non-profit community organizations based on need and provide financial assistance to children and youth programs. The Bank donated \$3,000 to this organization.

New North Citizen's Council, Inc. – This community-based family service agency provides specialty services to low-income families. Services include day care, information and referral, home visits, and abuse services. During the examination, the Bank donated \$5,500.

Community Development Services

A community development service has community development as its primary purpose and is generally related to the provision of financial services or technical services and assistance.

Given its asset size, Chicopee Savings Bank has provided an excellent level of community development services. Additionally, the Bank has been extremely responsive to the opportunities for community development services. Listed below are the community development services provided by the Bank and its staff:

Junior Achievement Worldwide – This organization is dedicated to educating students about workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programs. A Branch Manager is a volunteer instructor.

WestMass Elder Care – This private, non-profit agency's mission is to preserve the dignity, independence and quality of life of elders and disabled persons desiring to remain within their own community. The Senior Vice President of Operations is on the Advisory Council for the Money Management Program.

West Springfield Partnership for Education – This non-profit educational organization's purpose is to focus human and material resources towards improvement in the quality of education, and to strengthen community support for the West Springfield schools. A Branch Manager is a Member.

Housing Partnership Inc. – Since 1986, Housing Partnership has developed an array of innovative and economically sustainable paths to affordable housing and community living for low- to moderate-income families. The Vice President of Commercial Lending is on the Board of Directors, as well as a Member of the Finance Committee.

Chicopee Downtown Revitalization Committee – The focus of this committee is to improve housing stock and rehabilitation of blighted properties in the City of Chicopee, as well as increasing the opportunities for good-quality, affordable homeownership and rental housing, and increasing opportunities for service-enriched housing to prevent homelessness. The Bank's President is a Member on this Committee.

Boys and Girls Club – The mission of the club is to enable all young people to reach their full potential as productive, caring, responsible citizens. The Bank's Administrative Officer is a Board Member and Secretary.

Goodwill Industries – Goodwill inspires hope and self-confidence, helping people from all backgrounds to feel successful, valuable and dignified. They help people earn a living, improve their lives and strengthen their families and their communities. A Senior Vice President of Lending is on the Board of Directors.

Springfield Technical Community College Foundation Inc. – This non-profit organization, incorporated in 1981, exists to help the college provide educational opportunities in the community by providing scholarship aid to disadvantaged students, and plays a critical role in economic development efforts for the City of Springfield. The Senior Vice President of Information Technology is a Board Member.

Educational Seminars

Bank officers and employees have participated in seminars and other events sponsored by the Bank during the evaluation period. These events provide opportunities for Bank representatives to inform those in attendance about the products and services offered by the Bank and to gain information about unmet credit needs in the assessment area.

During the examination period, the Bank sponsored and actively participated in 12 homebuyer seminars in conjunction with Chicopee Neighborhood Development Corporation, Mass Fair Housing Center, and Massachusetts Association of Realtors. Topics included: what information is needed at the time of application, how to complete a mortgage application, the importance of credit, credit scores, “products” offered by all the organizations, how to shop for a mortgage loan/lender, rates and rate shopping, and pre-qualifying and pre-approval programs.

During the examination period, the Bank held four first-time home buyers seminars. Topics included: loan application process, different loan programs, credit reports and scores, origination and closing costs and property appraisals. Other speakers included a realtor, home inspector, attorney and a representative from Mass Housing and Mass Fair Housing Center. The Bank closed 18 loans totaling \$2,615,745 as a result of these seminars.

During the examination period, the Bank sponsored four “Credit for Life” seminars. Three were held at Chicopee High School and one was held at Springfield High School. The seminar is designed for high school seniors who role-play the part of a 25 year old with a career, salary and credit score. Based on their salary, they must make decisions that affect their finances from renting an apartment, purchasing furniture, buying a vehicle and saving for their retirement. Approximately 200 to 225 students participate each year.

In 2007, the Bank sponsored four “Massachusetts State Scholars Initiative Programs.” This national program is designed to bring business leaders in to classrooms to encourage students to take rigorous high school courses that exceed basic state requirements. The Bank conducted classes in financial services.

In 2007, the Bank was invited by Chicopee High School to educate the students on the requirements of savings and checking accounts. The presentation included types of accounts offered by the Bank, required disclosures, electronic banking, ATM cards, fraud and identity theft.

In 2008, the Bank spoke to a Business Management class at Elm’s College in Chicopee. The presentation detailed explanations of the mortgage process, including mortgage applications, credit reports, the importance of good credit in trying to obtain mortgage financing and the qualifications of a first-time homebuyer.

In 2008, the Bank participated in a “Federal Housing Administration (FHA) Workshop.” This was a hands-on workshop for community bankers to be educated on how to better serve their customers and community with FHA products. The workshop included information on understanding the special features of FHA lending and how to become an FHA approved lender.

In 2009, the Bank held two homeowner workshops. The topics included: creating and maintaining a realistic budget, home maintenance and repairs, homeowners insurance, how to avoid credit problems, foreclosure and predatory lending, and fire safety in your home.

In 2009, the Bank’s President became Chairman of “Chicopee Gateway Committee.” This is a new committee that was established as a result of funding received by the Commonwealth of Massachusetts’ Department of Housing and Community Development to improve and revitalize the downtown Chicopee neighborhoods. The Committee consists of local business leaders, affordable housing developers and service providers and city officials who will be evaluating the current downtown market conditions of the City of Chicopee for living, working and recreation.

Other Community Development Services

The Bank offered loan modifications for residential loans to help their customers avoid foreclosure and retain their home ownership. During the examination period the Bank made 33 loan modifications for residential loans.

Chicopee Savings Bank participates in the Interest on Lawyers’ Trust Accounts (IOLTA). Interest earned on the account is utilized to help fund improvements in the administration of justice and delivery of legal services to low-income clients. The Bank contributed \$21,064 in interest for 2007; \$24,455 for 2008; and \$10,440 for 2009 for a total of \$55,959.

The Bank participates in the Massachusetts Community and Banking Council’s (MCBC) Basic Banking in Massachusetts program. This statewide program is designed to offer low-cost checking and savings accounts to low- and moderate-income individuals.

Branch/ATM/Other Facility Distribution

Chicopee Savings Bank’s service delivery systems are readily accessible throughout its assessment area. The Bank’s corporate headquarters is located in Chicopee, in a moderate-income census tract. In addition to its main office, the Bank currently operates seven full-service branches. The branches are located in Chicopee (3), Ludlow, South Hadley, Ware and West Springfield. The Bank also operates a Lending/Operations Center in Chicopee, located in a moderate-income census tract. The Lending/Operation Center is for the Bank’s lending staff, accounting and operations departments. Refer to Table 14 for information concerning the geographic distribution of the Bank’s full-service branches and ATMs.

Table 14						
Distribution of Branches and ATMs¹⁴						
Census Tract Income	% of Tracts	% of Population	Branches		ATMs	
			#	%	#	%
Low	16.5	11.5	0	0.0	0	0.0
Moderate	19.4	20.8	1	12.5	3	23.1
Middle	42.7	44.2	6	75.0	8	61.5
Upper	21.4	23.5	1	12.5	2	15.4
Total	100.0	100.0	8	100.0	13	100.0

¹⁴ Source: Internal Bank Records

As illustrated in the table above, the Bank does not have any branches or ATMs in the low-income census tract. The greatest single percentage of the Bank's full-service offices are located in middle-income census tracts. The percentage of branches in the moderate-income areas is relatively comparable to the percentage of the population in those areas. The remaining office is located in the upper-income census tracts.

In addition to having ATMs at each branch office, the Bank also offers the following remote cash dispensing ATMs located at a Mobil Station in Ludlow, two Shell Stations; one located in Palmer and the other located in Holyoke, and Elm's College in Chicopee. All ATMs are linked to the SUM, NYCE and Fastbank network providing customers with free ATM access.

Record of Opening and Closing Branches

The Bank maintains a Branch Office Opening and Closing policy. The policy details the procedure the Bank will follow before opening and closing a branch office. Since the last examination, Chicopee Savings Bank has opened two new branches, both located in middle-income census tracts. On November 19, 2008, the Bank opened a branch at 32 Willimansett Street in South Hadley. On January 22, 2009, the Bank opened a branch at 350 Palmer Road in Ware.

Chicopee Savings Bank has not closed any branch offices during the CRA evaluation period. Consequently, there has been no adverse impact on the availability of banking services for persons of any income category, including low- and moderate-income.

Fair Lending or Other Illegal Credit Practices Review

The Bank's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. No evidence of discriminatory or other illegal credit practices was identified which would negatively impact this evaluation.

APPENDIX A

Fair Lending Policies and Procedures

The Division of Banks provides comments regarding the institution's fair lending policies and procedures pursuant to Regulatory Bulletin 2.3-101.

The Bank has a written Fair Lending Policy. The Bank proactively and affirmatively supports the fair lending process through fair but flexible lending policies.

All employees are provided with training appropriate to their job description and responsibilities in fair lending issues.

The Bank has 42 employees who are bilingual. Languages spoken are: Polish, Portuguese, Spanish, French, German, Russian and Japanese.

The Bank employs a second review process. All applications being recommended for denial are reviewed by the Vice President of Mortgage Lending to determine if the decision is justified or if a counteroffer can be made. The applications are also reviewed by the Board.

Based upon the review of the Bank's public comment file and its performance relative to fair lending policies and practices, no violations of the anti-discrimination laws and regulations were identified.

MINORITY APPLICATION FLOW

According to the 2000 U.S. Census Data, the Bank's assessment area contained a total population of 498,941 individuals of which 23.9 percent are minorities. The assessment areas' minority and ethnic population is 6.9 percent Black/African American; 1.3 percent Asian; 0.2 percent American Indian; 0.1 percent Hawaiian/Pacific Islander; 14.0 percent Hispanic or Latino; and 1.4 percent other.

For 2007 and 2008, the Bank received 1,083 HMDA-reportable loan applications. Of these applications, 44 or 4.1 percent were received from minority applicants, of which 17 or 38.6 percent resulted in originations. For the same time period, the Bank received 74 applications or 6.8 percent, from ethnic groups of Hispanic origin of which 23 or 31.1 percent were originated.

Table 15 - MINORITY APPLICATION FLOW¹⁵								
RACE	Bank 2007		2008 Aggregate Data		Bank 2008		Bank TOTAL	
	#	%	#	%	#	%	#	%
American Indian/ Alaska Native	1	0.2	71	0.3	0	0.0	1	0.1
Asian	7	1.7	296	1.2	4	0.9	11	1.3
Black/ African American	11	2.7	1,436	6.1	5	1.2	16	1.9
Hawaiian/Pac Islander	0	0.0	81	0.3	0	0.0	0	0.0
2 or more Minority	0	0.0	18	0.1	0	0.0	0	0.0
Joint Race (White/Minority)	5	1.2	209	0.9	1	0.2	6	0.7
Total Minority	24	5.8	2,111	8.9	10	2.3	34	4.0
White	380	92.5	17,259	73.0	410	94.0	790	93.3
Race Not Available	7	1.7	4,274	18.1	16	3.7	23	2.7
Total	411	100.0	23,644	100.0	436	100.0	847	100.0
ETHNICITY								
Hispanic or Latino	21	5.1	2,268	9.6	26	6.0	47	5.5
Not Hispanic or Latino	380	92.5	16,990	71.9	390	89.4	770	91.0
Joint (Hisp/Lat /Not Hisp/Lat)	2	0.5	262	1.1	3	0.7	5	0.5
Ethnicity Not Available	8	1.9	4,124	17.4	17	3.9	25	3.0
Total	411	100.0	23,644	100.0	436	100.0	847	100.0

¹⁵ Source: 2007 and 2008 HMDA LAR, 2008 HMDA Aggregate Data

Refer to the table above for information on the Bank's minority application flow, as well as the aggregate lenders.

The Bank's level of lending was compared with that of the aggregate's lending performance levels for the most recent year for which data was available, the year 2008. The comparison of this data assists in deriving reasonable expectations for the rate of applications the Bank received from minority residential loan applicants.

The Bank's performance was below the 2008 aggregate's performance level for both racial and ethnic minority applicants. The Bank received 2.3 percent for racial minorities while the aggregate was higher at 8.9 percent. The Bank received 6.0 percent from ethnic minorities while the aggregate received 9.6 percent.

The Bank's minority application flow, when compared to the aggregate's lending performance levels, the assessment area demographics, and the declining trend is deemed to be less than adequate.

APPENDIX B

General Definitions

GEOGRAPHY TERMS

Census Tract: Small subdivisions of metropolitan and other densely populated counties. Census tract boundaries do not cross county lines; however, they may cross the boundaries of metropolitan statistical areas. They usually have between 2,500 and 8,000 persons, and their physical size varies widely depending upon population density. Census tracts are designed to be homogeneous with respect to population characteristics, economic status, and living conditions to allow for statistical comparisons.

Metropolitan Area (MA): One or more large population centers and adjacent communities that have a high degree of economic and social integration. Each MA must contain either a place with a minimum population of 50,000 of Census Bureau-defined urbanized area and a total MA population of at least 100,000 (75,000 in New England). An MA comprises one or more central counties and may include one or more outlying counties that have close economic and social relationships with the central county. In New England, MAs are composed of cities and towns rather than whole counties.

Metropolitan Statistical Area (MSA): One or more metropolitan areas that have economic and social ties.

Primary Metropolitan Statistical Area (PMSA): A large urbanized county or cluster of counties that demonstrate very strong internal economic and social links, in addition to close ties to other portions of the larger area. If an area qualifies as an MA and has more than one million persons, PMSAs may be defined within it.

Consolidated Metropolitan Statistical Area (CMSA): The larger area of which PMSAs are component parts.

Non-Metropolitan Area: All areas outside of metropolitan areas. The definition of non-metropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies; for example, there is generally both urban and rural territory within both metropolitan and non-metropolitan areas.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, “urban” consists of territory, persons, and housing units in: places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin) but excluding the rural portions of “extended cities”; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.

HOUSING TERMS

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family which is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

Household: Includes all persons occupying a housing unit. Persons not living in households are classified as living in group quarters. In 100 percent tabulations, the count of households always equals the count of occupied housing units.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

INCOME TERMS

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide non-metropolitan median family income, if a person or geography is located outside an MSA.

Family Income: Includes the income of all members of a family that are age 15 and older.

Household Income: Includes the income of the householder and all other persons that are age 15 and older in the household, whether related to the householder or not. Because many households consist of only one person, median household income is usually less than median family income.

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of geography.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of geography.

Upper-Income: Individual income that is more than 120 percent of the area median income, or a median family income that is more than 120 percent in the case of geography.

HUD Adjusted Income Data: The U.S. Department of Housing and Urban Development (HUD) issues annual estimates which update median family income from the metropolitan and non-metropolitan areas. HUD starts with the most recent U.S. Census data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

OTHER TERMS

Home Mortgage Disclosure Loan Application Register (HMDA LAR): The HMDA LARs record all applications received for residential purchase, refinance, home improvement and temporary-to-permanent construction loans.

Small Business Loan: A loan included in “loans to small businesses” as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in “loans to small farms” as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations, and Part 345 of the Federal Deposit Insurance Corporation's Rules and Regulations, require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each assessment area;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks and the Federal Deposit Insurance Corporation, at 70 Center Street, Chicopee, MA 01013."

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee which does not exceed the cost of reproduction and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agencies, may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.